Loftus Road plc

Annual Report and Financial Statements

31 May 2002

Registered number 3197756

Contents

Directors

Non-Executive

Ross Jones (44) (Non-Executive Chairman)

is Chief Executive of GNI Fund Management Limited, part of Old Mutual Group plc.

Nick Blackburn (57)

is an Executive Director of Really Useful Theatres Limited and of The Way Ahead Group.

Harold Winton (68)

is Chairman and Chief Executive of Anaid Holdings Limited. He joined the Board on 5 June 2002.

Kevin McGrath (39)

is a Partner at REIT Asset Management. He joined the Board on 19 December 2002.

Philip Englefield (59)

joined the Board as a representative of ABC Corporation Limited on 27 May 2002 and resigned on 12 July 2002.

Executive

David Davies (44) (Group Chief Executive)

was appointed to the Board on 3 July 2000. He was formerly Managing Director of Ogden Entertainment (UK) Limited which managed the MEN and Telewest Arenas in the UK and the Oberhausen Arena in Germany. He was also the Chairman of Ice Hockey Superleague (UK) Limited.

Paul English (27) (Group Finance Director and Company Secretary)

qualified as a Chartered Accountant with KPMG in 2000. He joined Loftus Road plc in March 2001 and was appointed Finance Director in August 2002.

Advisors and shareholder information

Auditors

Rothman Pantall & Co
Clareville House
26/27 Oxendon Street
London
SW1Y 4EP

Group Offices

Loftus Road plc
Loftus Road Stadium
South Africa Road
London W12 7PA
Telephone 020 8743 0262
Fax 020 8740 2525

Legal Advisors

Harbottle & Lewis
Hanover House
14 Hanover Square
London W1R OBE

Registered Office

Loftus Road Stadium
South Africa Road
London W12 7PA

Bankers

Barclays Bank Plc
27 Soho Square
London
W1A 4WA

Company Registration Number

3197756

Registrars and Transfer Office

Lloyds TSB Registrars
The Causeway
Worthing
West Sussex BN99 6DB
Telephone 01903 502541
Fax 01903 854031

Queens Park Rangers Football and Athletic Club Ltd.

Fax 020 8749 0994
http://www.qpr.co.uk

Chairman's Statement

During the financial year 2001/2002, the plc remained in administration until 27 May 2002 when an Exit Order was granted at the High Court in the Strand.

Fortunately the performance on the pitch during the 2001/2002 season was highly encouraging. Under the management of Ian Holloway, the team finished a creditable eighth and played an exiting brand of football that helped maintain crowd interest right up to the last home game of the season, which saw a sell-out crowd watch an exciting game against Brentford.

The Board agreed a loan with ABC Corporation in early May 2002, and this allowed the company to exit administration in May 2002, giving rise to the hope of more stable times for the club, and allowing Ian Holloway and his management team to mount a credible challenge for a promotion spot in the forthcoming season.

Results and Dividends

During the period under review, the Group recorded a loss before interest and taxation of £323,000 (2001 – loss of £4,922,000) after accounting for profit on disposal of players' registrations of £1,378,000 (2001 – loss of £68,000), profit on disposal of land and buildings of £nil (2001 - £510,000), profit on disposal of a subsidiary undertaking of £nil (2001 - £2,500,000) and exceptional income of £1,863,000 (2001 - £nil). Turnover for the year was £5,645,000 (2001 - £8,879,000). The loss per ordinary share amounted to 0.7 pence (2001 – loss of 9.3 pence). The Directors do not propose the payment of a dividend for the year under review (2001 - £nil).

Net Assets

Net assets as at 31 May 2002 amounted to £5,735,000 (2001 - £6,148,000) representing net assets per Ordinary share of 9.56 pence (2001 – 10.2 pence). In accordance with Financial Reporting Standard 10, no amount is included in the balance sheet to reflect the value of homegrown players or any market valuation of the playing squad.

Operational Review

a) Football Activities

During late May 2001, a decision was made to rationalise the playing staff, and eighteen players were interviewed by the management and administrators, and as a result twelve players were offered compromise agreements to leave the club, and a further four voluntarily re-structured their existing contracts. This step helped rationalise the squad size and bring further cost controls to bear.

The Board and Ian Holloway cut the playing squad from an all-time high of sixty-one players, to thirty-eight at the beginning of the 2002/2003 season. Within the confines of administration the task of managing football costs still remained problematic, however the players and management are to be congratulated upon their efforts in keeping costs under control over this season. This saw the costs of our football activities drop by 36% from the previous year to £4,828,000.

While the senior side finished a credible eighth in its division, it should be noted that the reserve team won the Avon Insurance Combination League and our congratulations go to Tim Breacker who coached the team during this period.

At the end of the previous year, Queens Park Rangers had informed the Football Association that it was unable to meet the criteria to maintain its status as an academy accredited club. As a result, the club played its first season in its Centre of Excellence structure, and although results on the surface appeared disappointing, it should be noted that both the Under 19's and Under 17's played in their respective age groups, with teams that were considerable younger than their opponents.

Their results have given rise to hope that in the foreseeable future, under the guidance of Gary Waddock, this structure will again provide a first team with the backbone of its players.

b) *Groundshare*

Wasps continued to use Loftus Road as its home base during season 2001/2002

In February of 2002 a groundshare deal was signed between the plc and Fulham FC, covering the next two seasons whilst Fulham redevelop their ground. This ground share will provide a much needed revenue stream to the club now that it has new obligations to ABC Corporation.

c) *Capital Works*

During the summer of 2002 the outstanding building works at Sudbury were completed in order to comply with the Section 106 Agreement that was put in place at the time of the sale of the rugby ground to Alfred McAlpine. These works included building renovations to the clubhouse at a cost of £300,000.

d) *Corporate*

While the company remained in administration, the Board did not meet formally. Regular meetings, however, were held with BDO Stoy Hayward to review the operation of the business and evaluate the current interest in purchasing the club.

An offer was received from We Are QPR to purchase the outstanding land at Sudbury that remained after the sale to Alfred McAlpine of the pitches at the former Wasps rugby ground. Following a formal valuation by Lambeth Smith Hampton, a sale was agreed with We Are QPR at £255,000. It should be noted that contracts were finally exchanged in December 2002.

The agreement with ABC Corporation allowed the Directors to pay the former Chairman, Chris Wright, £3.5 million in full and final settlement of all his outstanding loans. Furthermore in acknowledgement of this settlement, 26.8% of the company's shareholding was returned to a nominee company for future sale to new investors, this nominee company being called QPR Nominees, the Directors of which are Ross Jones and David Davies. The residue of the loan was used to settle pre-admin debt and the administration costs, which in conclusion totalled £494,000 to BDO Stoy Hayward and £296,000 to Harbottle and Lewis for their legal work.

e) *Commercial Activities*

Central funding received from the Football League for the year under review was £529,000. However, this was a short-lived contract as during June 2002 both Carlton and Granada were to placed ITV Digital into administration and subsequent receivership. It should be noted that in future these revenues would be considerably reduced with little likelihood of the League attracting funding to make up the shortfall.

Revenues have shown a small increase of 6% on the previous year. As previously reported the commercial activities were subject to the terms of the contract between the plc and 21C. As a result of the contract being handed back, many staff returned to the plc, and thus the number of staff employed by the company in this area has risen. In particular it should be noted that the box office, club shop and corporate sales staff were covered by the 21C contract, and as a result came back into the plc staff body.

Merchandise sales in particular are worthy of a mention. The revenue gained from this activity has grown over the year. We are aware there was, and remains considerable work to be carried out in this area. However, with the expansion of our mail order operation and increasing internet sales we anticipate that this growth will continue in the forthcoming year.

Season ticket sales for the period totalled over five thousand seven hundred, and these were a record for the club, even taking into account the period that we were in the Premier League. These sales can in part be put down to the pricing structure. However, the level of loyalty that was shown by our fans that bought season tickets in such large numbers during the troubled period should be noted and applauded.

Board Structure and Staff

There was considerable change on the Board over the course of the year. Nigel Butterfield, Bob Collier, Charles Levison, Ivor Montlake and Paul Hart all resigned as Directors of Loftus Road plc during the year and the Board thank them warmly for their efforts on behalf of the shareholders over the years.

Most notably the company's former Chairman and benefactor, Chris Wright, tendered his resignation on 17 May 2002, bringing to an end his association with the club at the Board level. The Board wishes to place on record its appreciation for all Chris's efforts on behalf of Queens Park Rangers FC, and in recognition appointed him Life President.

Once again I would take this opportunity to thank all the staff for their considerable efforts over the past year.

Outlook

As shareholders will be aware, the collapse of the ITV Digital deal and the re-negotiations of the NTL Internet deal have pushed football into turbulent times. The subsequent fall-out of the deals saw the Chief Executive and Chairman of the Football League leave, amongst much recrimination. The subsequent decision to award the new television contract to Sky at a quarter of the value anticipated from ITV Digital, and the subsequent decision to give deferred rights to ITV and its constituent regional companies, left many uncomfortable. It showed that football had to face up to some uncomfortable decisions, and while the distributions from these rights deals reflected those that had been established in previous years, it provided a sharp reminder to the Loftus Road Directors of the need to return to First Division status.

Furthermore, the lack of television revenue and resulting commercial revenues has led to a depression in the transfer market. It has caused every board in the football league to evaluate the effectiveness of their youth systems in producing first team players, rather than rely on the transfer market for both new players, and much needed deficit funding.

The Board is still aware that there is an ongoing requirement for working capital to be introduced by way of equity funding and at the EGM held at Sudbury on 24 October 2002 there was a motion passed to allow a further five percent of our shareholding to be released on a non pre-emptive basis, and at the time of going to press, sale has been agreed for a substantial part of this shareholding. Furthermore there is considerable interest in the 16,066,019 shares held by the nominee company that was formed following the settlement with Chris Wright. It is anticipated that a sale will be agreed to introduce working capital by way of a share sale from this asset.

People

While the company remained in administration, we are pleased to report that there was a large degree of stability in the staff body throughout this period. Our staff remained loyal in very difficult circumstances, which undoubtedly led to improvements in the services delivered.

The average attendance for the season 2001/2002 was amongst the highest in the division, and so far during the 2002/2003, only one other club in the division surpasses our figures. These figures are testimony to both the loyalty of our fans, the pricing structure, and marketing strategy put in place by the Commercial Department. All are to be congratulated for the success achieved over the 2002/2003 period.

Future Prospects

Although the exit from administration was a landmark for the company, this was the first step along the way to consolidate in the club's future. The Directors realise that further equity investment must be sought over the next twelve months. All of our efforts are being steered in this direction in the forthcoming months.

In general, football has continued to show signs of recession that were evident during the 2001/2002 season. These are beginning to bite into the fortunes of clubs in the Nationwide League, as well as those in the FA Premier League. The Directors recognise that there has never been a more difficult set of trading conditions for football in the United Kingdom over the last twenty years. However, Queens Park Rangers continue to enjoy a reputation as a forward thinking and community based club, and I have no doubt that the existing hard work and commitment shown by all, will to see the club develop and establish itself as a vibrant centre of its community in the forthcoming years.

Ross Jones
Chairman
28 March 2003

Financial Review

Trading Review

Turnover for the year was £5,645,000, a substantial decrease from the previous year. The major contributory factor for this reduction was the loss of revenue from rugby activities due to the disposal of London Wasps on 31 May 2001. In addition, television revenue was significantly lower as a result of Queens Park Rangers' relegation from Division One at the end of the previous season. Analysed below is a breakdown of how the television and media revenue has arisen:

	2002	2001
	£'000	£'000
Domestic award – football	**529**	1,885
Facility fees – football	**140**	45
Domestic award – rugby	**-**	1,092
Facility fees – rugby	**-**	15
Other	**14**	12
	683	3,049

The analysis below shows a decrease of 23% in our League match receipts and season ticket revenues between the years, of which 14% can be attributed to the loss of London Wasps ticket sales.

	2002	2001
	£'000	£'000
League match receipts and season tickets	**2,207**	2,794
Cup match receipts	**23**	358
Other match receipts	**233**	21
Programmes, membership and other match income	**160**	182
	2,623	3,355

As in previous years, our principal cost is wages and salaries. These figures include certain costs which may not be reasonably expected to be repeated in future years, which include payments made relating to players' contractual entitlements upon transfer ("non basic costs"). The total wages costs can be reanalysed as follows:

	2002	2001
	£'000	£'000
Player and management wages	**3,564**	9,076
Administrative and directors' wages	**951**	911
Non basic costs	**660**	89
	5,175	10,076

The reanalysis shows a 55% fall in player and management wages due to the considerable down-sizing of the football playing squad and the disposal of London Wasps. As part of the reduction in the football squad, twelve players signed compromise agreements, the costs of which are included under "non basic costs".

The current year saw the sales of Peter Crouch and Jermaine Darlington to Portsmouth and Wimbledon respectively, as well as the further transfer of Peter Crouch to Aston Villa, which generated an additional £390,000 for the Club. This left us in an overall net transfers receivable position, which is analysed below:

	2002 £'000	2001 £'000
Purchase costs of players' registrations	**(299)**	(333)
Contingent transfer fees payable	**(386)**	(130)
Football League transfer levy	**(15)**	(19)
	(700)	(482)
Net sale proceeds from sale of players' registrations	**1,450**	-
Contingent transfer fees receivable	**555**	38
Net transfer fees (payable)/receivable	**1,305**	(444)

Cash Flow and Funding

During the year there was a net cash outflow before financing to the Group, which has resulted in an increase in the Group's borrowings. Analysed below are the effects of this:

	2002 £'000	2001 £'000
Cash outflow before financing and player trading	**(1,790)**	(5,101)
Net cash (outflow)/inflow from player trading	**1,351**	(606)
Cash inflow/(outflow) before financing	**(439)**	(5,707)

This cash inflow/(outflow) was applied/funded as follows:

	2002 £'000	2001 £'000
New loans	**(11,000)**	(8,454)
Repayment of loans	**5,580**	528
Net financing inflow	**(5,420)**	(7,926)
Repayment/(utilisation) of bank facilities	**3,867**	2,219
Administration and other exceptional costs	**1,114**	-
Cash inflow/(outflow) before financing	**(439)**	(5,707)

As at 31 May 2002, the Group had no operational bank borrowings.

Financial instruments

The Group currently finances its operations through loans, player sales and working capital balances such as trade debtors and trade creditors. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing such risks as outlined below. These policies have remained unchanged since June 1998.

It is the Group's policy to constantly review its financing options; historically it has taken out floating rate debt in the short term.

Taxation

There is no tax change on the loss in the year. The tax losses arising in the year will be carried forward as available for relief against future profit.

Paul English
Group Finance Director
March 2003

Directors' report

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the profit or loss for that year. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates which are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as is reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Results and Dividend

The results of the Group for the year are set out on pages 15 to 34. The Directors do not recommend the payment of any dividend for the year ended 31 May 2002.

Principal Activities and Review of Business

The principal activity of the Company is the operation of a professional football club, with related commercial activities. These activities and performance are reported in the Chairman's statement and the financial review.

Formerly, the group operated a professional rugby club, namely London Wasps, in the Zurich Premier League. However, following an EGM on 18 May 2001, this part of the business was sold off.

Directors and their Interests

The Directors of the Company (together with their beneficial interests in the share capital of the Company) are as follows:

	At 31 May 2002		At 31 May 2001*	
	Ordinary Shares	**Options**	Ordinary Shares	Options
Ross Jones	**1,200,000**	-	1,200,000	-
Nick Blackburn	**10,500**	**25,000**	10,500	25,000
David Davies	-	-	-	-
Philip Englefield	-	-	-	-

*or subsequent date of appointment if later

On 23 July 2001, Paul Hart resigned as a Director. On 30 January 2002, Nigel Butterfield resigned as a Director. On 31 January 2002, Charles Levison resigned as a Director. On 8 February 2002, Ivor Montlake resigned as a Director. On 9 February 2002, Bob Collier resigned as a Director. On 17 May 2002, Chris Wright resigned as a Director.

On 27 May 2002, Philip Englefield became a Director of the company and he resigned on 12 July 2002.

On 5 June 2002, Harold Winton became a Director of the company. On 19 December 2002, Kevin McGrath was elected to become a Director of the company.

Biographical details of each of the Directors are shown on page 2. Further details of options held by each Director on 31 May 2002 are shown in note 5 to the financial statements.

All but one of the Directors services are provided under arrangements, which are terminable on less than six months notice. David Davies has twelve months notice in his Contract of Employment.

Substantial Shareholdings

On 24 March 2003, in addition to the interests of the Directors referred to above, the following holdings of Ordinary shares of 3% or more of the issued share capital of the Company have been notified or were recorded in the Company's register.

	No. of shares	Percentage
QPR Nominees Limited (see note 17)	16,066,019	25.7
Trustees of Wasps Football Club	3,899,900	6.2
James Arbib	2,500,000	4.0
Tring Securities Limited	2,308,000	3.7

Corporate Governance

As the Company entered Administration on the 2 April 2001, it was unable to follow the Stock Exchange Principles of Good Governance and Code of Best Practice ("the Combined Code"), which embrace the work of the Cadbury, Greenbury and Hampel Committees.

The Company informed the Stock Exchange on the 30 March 2001 that it wished to suspend trading in its shares and of its intention to de-list. The de-listing became effective on the 2 April 2001. The Administration process lasted until 27 May 2002 and as a result, the PLC came off the Exchange on the 2 October 2001.

Board of Directors

The Board at the end of the period covered by these financial statements comprised of one Executive and three Non-Executives and was responsible to the shareholders for the proper management of the Company. This was augmented by two further Directors, Harold Winton on 5 June 2002 and Kevin McGrath on 19 December 2002, although Philip Englefield resigned on 12 July 2002. The Board meets regularly to review trading performance, ensure adequate funding and ultimately oversee the decisions of the Company. The Directors would normally retire by rotation, and therefore Messrs Jones and Messrs Blackburn offer themselves for re-election on this occasion. All Directors will retire by rotation and offer themselves up for re-election at least once every four years.

The principal Board Committees are as follows:

Remuneration Committee

The Remuneration Committee comprises of Ross Jones, Nick Blackburn and Harold Winton. The Committee's objective is to determine an overall remuneration package for the Executives sufficient to attract, motivate and retain high quality individuals, linking rewards to Company and personal performance.

The Remuneration Committee has considered the provisions of the Combined Code in determining the remuneration package for the forthcoming financial year. The remuneration package consists of a basic salary, benefits, share options, performance related bonuses and pensions.

Details of the Directors' remuneration and share options in the period under review appear in note 5 to the financial statements. In addition to their basic salary, the Executive Directors are entitled to performance related bonuses. The performance related bonuses are dependent upon attainment of a number of objectives including the teams' playing performance and the individual Director's performance in the achievement of certain financial and personal objectives. The Board as a whole determines the remuneration of the Non-Executive Directors. No Director votes on any proposal relating to his own remuneration.

Audit Committee

The Audit Committee comprises Ross Jones, Nick Blackburn, Kevin McGrath and Paul English. The Committee reviews the interim report and financial statements. These financial statements, aspects of the Group's accounting and internal control systems and statutory and regulatory compliance are discussed prior to their publication with the Group's Finance Director and external auditors.

Internal Control

The Directors are responsible for ensuring that the Group maintains a system of internal controls, including suitable monitoring procedures. The system is designed to ensure the maintenance of proper accounting records and the reliability of the financial information used within the business or for publication, and any such system can only provide reasonable, not absolute, assurance against misstatement or loss. In assessing what constitutes reasonable assurance, the Directors have regard to materiality and to the relationship between the cost of and benefits from particular aspects of the control system.

The Group's current internal control monitoring procedures include:

- The Board meets at least six times a year and concentrates mainly on strategic issues and financial performance. The Group Executive Committee, which comprises Executive Directors and senior management, is chaired by the Group Chief Executive and meets at least twice a month to allow prompt decision making and communication of business issues.
- The Group is subject to an annual budget process, which requires forecasts to be produced for the following two years, and these are required to be updated periodically. Actual results and variances are regularly circulated to the Board for formal review and approval where appropriate.
- Major investment decisions involving capital or revenue expenditure including the purchase or sale of players' registrations are subject to approval by the Board.
- Regular reporting of legal, regulatory, insurance and accounting developments are made to the Board by appropriate Directors and Officers of the Group.
- Financial and operating controls and procedures are in place throughout the Group. These include general authorisation procedures and procedures to ensure the staging of events comply with local and national regulations.
- The Board and the senior management team are responsible for the identification and evaluation of key risks applicable to each part of the business. Relevant issues are discussed at Board Meetings or Group Executive Committee Meetings as appropriate.

On the retirement of Directors Wright, Butterfield, Levison, Collier, Hart and Montlake, only Blackburn, Davies and Jones were left as the Directors of the PLC after the re-financing in May 2002.

Furthermore, it should be noted that as of 2 April 2001 when the Company entered administration the Standing Committees and Board meetings were suspended, and where replaced by regular meetings with Officers of BDO Stoy Hayward who were the Court appointed Administrators. These meetings took place at least weekly, and during the early periods of administration, bi-weekly.

Going Concern

The Directors have reviewed the Group's budget for the current year and outline projections for the subsequent year including cash flows and forecasts of headroom available against current borrowing facilities, together with other likely sources of cash generation. Following this review the Directors have formed a judgement that, at the time of approval of the financial statements, the Group does not have sufficient resources to continue operating in the foreseeable future without raising additional working capital. For this reason, the Directors are actively seeking to raise further capital to meet the shortfall. The directors are confident that the working capital requirement will be met and therefore consider it appropriate to prepare the financial statements on a going concern basis.

Post Balance Sheet Events

The details of these are included in note 29 to the financial statements.

Policy on Payment of Creditors

The Company agrees terms and conditions for its business transactions with suppliers at the time of supply. Payment is then made on these terms, subject to the terms and conditions being met by the suppliers. At this time the Company does not follow any code or statement on payment practice. At 31 May 2002 trade creditors as a ratio of purchases represents 125 days (2001: 78 days).

Auditors

Rothman Pantall & Co were appointed auditors to the Company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

Annual General Meeting

Enclosed with this Annual Report is a notice for the Annual General Meeting, together with a letter from the Chairman explaining certain items of business to be transacted at that meeting.

Approved by the Board of Directors and signed on behalf of the Board

Paul English
Company Secretary
28 March 2003

Consolidated Profit and Loss Account

For the year ended 31 May 2002

	Note	2002	2001
		£'000	£'000
Turnover			
- Continuing operations	2	**5,645**	6,546
- Discontinued operations	2	-	2,333
		5,645	8,879
Playing staff and matchday costs		**(5,329)**	(10,233)
Stadium and other direct operating costs		**(988)**	(1,798)
Amortisation of players' registrations		**(303)**	(1,256)
Cost of sales		**(6,620)**	(13,287)
Gross loss		**(975)**	(4,408)
Administrative expenses	4	**(2,589)**	(3,456)
Operating loss			
- Continuing operations	2	**(3,564)**	(6,659)
- Discontinued operations	2	-	(1,205)
		(3,564)	(7,864)
Profit on disposal of subsidiary undertaking		-	2,500
Profit on disposal of players' registrations		**1,378**	(68)
Profit on disposal of land and buildings		-	510
Net effect of voluntary arrangement before interest	7	**1,863**	-
Loss on ordinary activities before interest and taxation		**(323)**	(4,922)
Interest receivable and similar income	8	**9**	-
Interest payable and similar charges	9	**(99)**	(629)
Loss on ordinary activities before taxation	3	**(413)**	(5,551)
Tax on loss on ordinary activities	10	-	-
Loss on ordinary activities after taxation		**(413)**	(5,551)
Dividends		-	-
Retained loss for the year	21	**(413)**	(5,551)
Loss per share	11	**(0.7p)**	(9.3p)
Diluted loss per share	11	**(0.7p)**	(9.2p)

There is no material difference between the loss before taxation and the retained loss for the year as stated above and their historical cost equivalents.

The notes on pages 20 to 34 form part of these financial statements.

Consolidated Balance Sheet
As at 31 May 2002

	Note	2002		2001	
		£'000	**£'000**	£'000	£'000
Fixed assets					
Intangible assets	13		**378**		629
Tangible assets	12		**14,845**		15,299
			15,223		15,928
Current assets					
Stocks	15	**52**		38	
Debtors	16	**1,279**		941	
Investments	17	**-**		-	
Cash at bank and in hand		**4,022**		154	
		5,353		1,133	
Creditors: amounts falling due within one year	18	**(4,841)**		(9,877)	
Net current assets/(liabilities)			**512**		(8,744)
Total assets less current liabilities			**15,735**		7,184
Creditors: amounts falling due after more than one year	19		**(10,000)**		(1,036)
Net assets			**5,735**		6,148
Capital and Reserves					
Called up share capital	20		**600**		600
Share premium account	21		**5,258**		5,258
Revaluation reserve	21		**3,220**		3,220
Profit and loss account	21		**(3,343)**		(2,930)
Equity shareholders' funds			**5,735**		6,148

These financial statements were approved by the Board on 28 March 2003 and were signed on its behalf by:

Ross Jones
Director

David Davies
Director

The notes on pages 20 to 34 form part of these financial statements.

Company Balance Sheet
As at 31 May 2002

	Note	2002		2001	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12		**14,845**		15,299
Investments	14		**8,213**		8,213
			23,058		23,512
Current assets					
Stocks	15	**52**		38	
Debtors	16	**1,035**		941	
Investments	17	**-**		-	
Cash at bank and in hand		**4,022**		154	
		5,109		1,133	
Creditors: amounts falling due within one year	18	**(15,126)**		(20,118)	
Net current liabilities			**(10,017)**		(18,985)
Total assets less net current liabilities			**13,041**		4,527
Creditors: amounts falling due after more than one year	19		**(10,000)**		(1,036)
Net assets			**3,041**		3,491
Capital and reserves					
Called up share capital	20		**600**		600
Share premium account	21		**5,258**		5,258
Revaluation reserve	21		**3,220**		3,220
Profit and loss account	21		**(6,037)**		(5,587)
Equity shareholders' funds			**3,041**		3,491

These financial statements were approved by the Board on 28 March 2003 and were signed on its behalf by:

R Jones

Ross Jones
Director

D Davies

David Davies
Director

The notes of pages 20 to 34 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 May 2002

	Note	2002		2001	
		£'000	**£'000**	£'000	£'000
Net cash outflow from operating activities	24		**(2,529)**		(4,451)
Returns on investments and servicing of finance					
Interest received		**9**		-	
Interest paid		**(90)**		(505)	
Interest element of finance lease rental payments		**-**		-	
Net cash outflow from returns on investment and servicing of finance			**(81)**		(505)
Taxation					
UK corporation tax repaid		**-**		-	
Tax repaid			**-**		-
Capital expenditure					
Payments to acquire tangible fixed assets		**(130)**		(145)	
Receipts from sales of tangible fixed assets		**950**		-	
Payments to acquire players' registrations		**(218)**		(645)	
Contributions towards player acquisitions		**205**		-	
Receipts from the sale of players' registrations		**1,364**		39	
Net cash inflow from capital expenditure			**2,171**		(751)
Cash inflow/(outflow) before financing			**(439)**		(5,707)
Financing					
Debts due within one year:					
New secured loans		**-**		8,454	
Repayment of secured loans		**(4,130)**		(64)	
New unsecured loan		**1,000**		-	
Repayment of unsecured loan		**(1,450)**		(449)	
Debt due beyond a year:					
New unsecured loan		**10,000**		-	
Administration and other exceptional costs		**(1,114)**		-	
Capital element of finance lease rental payments		**-**		(15)	
			4,306		7,926
Decrease/(increase) in borrowings in the year	25		**3,867**		2,219

The notes on pages 20 to 34 form part of these financial statements.

Statement of Total Recognised Gains and Losses
For the year ended 31 May 2002

	Group	
	2002	2001
	£'000	£'000
Loss for the financial year	**(413)**	(5,551)
Unrealised surplus on revaluation of properties	**-**	2,136
Total recognised gains and losses in respect of the financial year	**(413)**	(3,415)

Reconciliation of Movements in Shareholders' Funds
For the year ended 31 May 2002

	Group	
	2002	2001
	£'000	£'000
Loss for the financial year	**(413)**	(5,551)
Dividends	**-**	-
	(413)	(5,551)
Other recognised gains and losses relating to the year	**-**	2,136
Net reduction in shareholders' funds	**(413)**	(3,415)
Opening shareholders' funds	**6,148**	9,563
Closing shareholders' funds	**5,735**	6,148

Notes to the Accounts

For the year ended 31 May 2002

1 **Accounting policies**

The Group's principal accounting policies, which have been applied consistently throughout the year are as follows:

Basis of preparation

The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain fixed assets and in accordance with applicable accounting standards.

The Directors have reviewed the Group's budget for the current year and outline projections for the subsequent year including cash flows and forecasts of headroom available against current borrowing facilities, together with other likely sources of cash generation. Following this review the Directors have formed a judgement that, at the time of approval of the financial statements, the Group does not have sufficient resources to continue operating in the foreseeable future without raising additional working capital. For this reason, the Directors are actively seeking to raise further capital to meet the shortfall. The directors are confident that the working capital requirement will be met and therefore consider it appropriate to prepare the financial statements on a going concern basis.

Basis of consolidation

The consolidated financial statements include the results of Loftus Road plc and its subsidiary undertakings made up to 31 May 2002. The Company has taken advantage of the exemption under Section 230 of the Companies Act 1985 and has not presented its own profit and loss account. The loss after taxation for the period includes a loss of £450,000 dealt with in the financial statements of the Company.

The subsidiary undertakings have been included in the accounts using the acquisition method of accounting. Under this method the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less provision for any impairment.

Turnover

Turnover represents gate receipts, commercial income and other income exclusive of value added tax.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by annual equal instalments over their estimated useful economic lives as follows:

Plant and machinery	-	10%-20%
Motor Vehicles	-	25%
Fixtures & fittings	-	20%
Freehold buildings	-	2%
Freehold land	-	nil

Stocks

Stocks are stated at the lower of cost and net realisable value.

Player registrations

Fees payable to other clubs on the transfer of players' registrations together with associated costs are capitalised as intangible assets and are written off over the period of the relevant player's contract term. Payments or receipts that are contingent on future events are accounted for in the period that the events crystallising such payments or receipts have taken place.

Player signing-on fees

Signing-on fees are charged to the profit and loss account in the accounting period in which they become payable.

Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future. The adoption of the standard has not required a prior period adjustment.

Leases

Assets acquired under finance leases are capitalised in the balance sheet and depreciated over their useful economic lives. The capital elements of future lease obligations are included in creditors. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and represent a constant proportion of the balance of capital repayments outstanding.

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Pension costs

The Company makes contributions on behalf of certain employees to a number of independently controlled pension funds. The pension cost charged in the period represents contributions payable by the Group to these pension funds.

2 Turnover and Operating loss

	2002 £'000	2001 £'000
Turnover		
Matchday receipts	**2,623**	3,355
Television and media	**683**	3,049
Sponsorship, merchandising and commercial income	**1,377**	1,735
Other	**962**	740
	5,645	8,879
Analysed as:		
QPR - Continuing operations	**4,451**	6,001
London Wasps – Discontinued operations	**-**	2,297
Retail and other - Continuing operations	**1,194**	545
Retail and other - Discontinued operations	**-**	36
	5,645	8,879
Operating loss		
Turnover	**5,645**	8,879
Cost of football activities – Continuing operations	**4,828**	7,486
Cost of rugby activities – Discontinued operations	**-**	2,823
Amortisation of players' registrations - Continuing operations	**303**	1,235
Amortisation of players' registrations - Discontinued operations	**-**	21
Stadium and matchday costs - Continuing operations	**2,050**	2,326
Stadium and matchday costs - Discontinued operations	**-**	251
Commercial, marketing & retail costs - Continuing operations	**448**	244
Commercial, marketing & retail costs - Discontinued operations	**-**	178
Other direct overheads - Continuing operations	**1,580**	1,914
Other direct overheads - Discontinued operations	**-**	265
Total costs	**9,209**	16,743
Operating loss	**(3,564)**	(7,864)
Profit on disposal of subsidiary undertaking	**-**	2,500
Profit/(Loss) on disposal of players' registrations	**1,378**	(68)
Profit on disposal of land and buildings	**-**	510
Exceptional items	**1,863**	-
Loss on ordinary activities before interest and taxation	**(323)**	(4,922)

3. Loss on ordinary activities before taxation

	2002 £'000	2001 £'000
Loss on ordinary activities before taxation is stated after charging		
Auditors' remuneration:		
Audit – Company	**20**	17
Audit – Group (including Company)	**22**	24
Other services	**7**	9
Depreciation and other amounts written off tangible fixed assets:		
Owned	**520**	551
Leased	**4**	10
Amortisation of intangible fixed assets	**303**	1,256
Operating lease rentals:		
Land and buildings	**15**	12
Other	**70**	85
And after crediting:		
Rental income	**13**	13
Release of capital grants	**13**	13
Revenue grants receivable	**-**	38

4 Administrative expenses

	2002 £'000	2001 £'000
Directors' remuneration	**162**	211
Administrative salaries	**789**	733
Office and utilities costs	**747**	1,000
Depreciation	**525**	561
Commercial and marketing	**205**	371
Other	**161**	580
	2,589	3,456

5 Directors' remuneration

The remuneration of the Directors was:

	2002 £'000	2001 £'000
Directors' emoluments	**168**	241
Pension contributions	**4**	4
Amounts paid to third parties in respect of directors' services	**-**	-
	172	245

The remuneration disclosed above (excluding share options) includes the following amounts in respect of:

	Basic salaries	Benefits	Performance Related Bonus	**Total Emoluments**	Pension Contributions	Amounts paid to third parties in respect of directors' services	**Total**
	£'000	£'000	£'000	**£'000**	£'000	£'000	**£'000**
Chris Wright*	-	-	-	-	-	-	-
Nick Blackburn	-	-	-	-	-	-	-
Nigel Butterfield*	-	-	-	-	-	-	-
Bob Collier*	-	-	-	-	-	-	-
Ross Jones	-	-	-	-	-	-	-
Charles Levison*	-	-	-	-	-	-	-
Paul Hart*	13	1	-	**14**	-	-	**14**
Ivor Montlake*	-	-	-	-	-	-	-
David Davies	125	9	20	**154**	4	-	**158**
Philip Englefield	-	-	-	-	-	-	-
	138	10	20	**168**	4	-	**172**

* reflects remuneration from 1 June 2001 to date of resignation

Benefits represent the use of company cars and other benefits.

The pension costs charged in the year represent contributions payable by the Group to an independently controlled defined contribution pension fund.

Directors' share options

The Company operates a Share Option Scheme, which is not an Inland Revenue approved share option scheme, under which options to subscribe for the Company's shares have been granted to certain executives and employees.

At 31 May 2002, options under the Share Option Scheme had been granted over a total of 123,000 shares as follows:

	Exercise Price 72p	Exercise Price 11.5p	Total No of Options
At 1 June 2001	230,000	190,000	420,000
Granted during the year	-	-	-
Options lapsed	(195,000)	(102,000)	(297,000)
At 31 May 2002	35,000	88,000	123,000

The interests of the Directors in the Share Option Scheme are as follows:

	Date of grant	No of ordinary shares	Exercise Price	Exercise Period (from/to)
Nick Blackburn	2 December 1996	25,000	72p	Dec 1999 – Dec 2003

The options are exercisable at the exercise price on the occurrence of the earlier of the following events provided the participant is at the relevant date an Officer of the Company:

a) a general offer being made for the entire issued share capital of the Company which is accepted by such number of shareholders as results in a change in control of the Company; or

b) the third anniversary of the relevant date of grant provided certain share performance criteria set by the Remuneration Committee are met.

Any unexercised options will lapse on the seventh anniversary of the date of grant. The Company de-listed on 2 April 2001 when its share price was at 3.75p and came off the Stock Exchange on 2 October 2001.

There were no gains on directors' share options in the year.

6 Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year to 31 May 2002, analysed by category, was as follows:

	2002	2001
Players, managers, coaches and support staff	**62**	120
Commercial, marketing and retail staff	**10**	8
Stadium and maintenance staff	**21**	17
Administrative staff	**17**	21
Community projects	**4**	6
	114	172

The aggregate payroll costs of these persons (including directors) were as follows:

	2002 **£'000**	2001 £'000
Wages and salaries	**4,642**	8,892
Social security costs	**486**	961
Other pension costs	**47**	223
	5,175	10,076

7 Net effect of voluntary arrangement and associated re-structuring costs before interest

On 2 April 2001 both Loftus Road plc and The Queens Park Rangers Football and Athletics Club Limited were made the subject of administration orders in the High Court. As a result of the acceptance of an offer of a £10 million loan from ABC Corporation Limited, the High Court released both Loftus Road plc and The Queens Park Rangers Football and Athletics Club Limited from the administration orders on 27 May 2002.

The net effect of the above was as follows:

	2002 **£'000**
Waiver of remaining capital element of Chris Wright loans	**2,715**
Fees relating to the administration and CVA	**(790)**
Fees relating to the administration and CVA accounted for in the year ended 31 May 2001	**161**
Exceptional legal and other Group re-structuring costs	**(223)**
	1,863

8 Interest receivable and similar income

	2002 £'000	2001 £'000
Interest receivable	9	-
	9	-

9 Interest payable and similar charges

	2002 £'000	2001 £'000
Amounts payable on bank loans and overdrafts	12	197
Amounts payable on all other loans	494	399
Interest waived on amounts due to Chris Wright	(601)	-
Finance charges payable in respect of finance leases and hire purchase contracts	-	1
Other interest payable	194	32
	99	629

10 Tax on loss on ordinary shares

No taxation charge arises on the results of the current period and losses are available for relief against future profits for taxation purposes. Subject to Inland Revenue agreement, the cumulative tax losses available for relief amount to £22,577,683.

11 Loss per share

Losses per share are calculated with reference to the loss after taxation of £413,000 (2001 - £5,551,000) and on a weighted average number of Ordinary shares in issue of 59,954,998 (2001 – 59,954,998).

Diluted losses per share are calculated with reference to a weighted average number of Ordinary shares in issue of 60,150,331 (2001 – 60,508,081), the difference representing the equivalent number of shares that would be issued for no consideration if all outstanding share options were exercised.

12 Tangible fixed assets

	Land & Buildings £'000	Plant & Equipment £'000	Motor Vehicles £'000	Fixtures & Fittings £'000	Total £'000
Group and Company					
Cost or valuation at 1 June 2001	14,078	2,413	50	354	16,895
Additions	-	79	-	4	83
Disposals	-	-	-	-	-
Cost at 31 May 2002	**14,078**	**2,492**	**50**	**358**	**16,978**
Depreciation at 1 June 2001	42	1,208	46	300	1,596
Disposals	-	-	-	-	-
Depreciation charge for the year	168	307	4	58	537
Depreciation at 31 May 2002	**210**	**1,515**	**50**	**358**	**2,133**
Net Book Value					
At 31 May 2002	**13,868**	**977**	**-**	**-**	**14,845**
At 31 May 2001	14,036	1,205	4	54	15,299

The Loftus Road Stadium was valued by Lambert Smith Hampton, Chartered Surveyors, as at 28 February 2001 on a depreciated replacement cost (existing use) basis. The land and clubhouse at Wasps Football Club Ground at Sudbury were also valued by Lambert Smith Hampton as at 28 February 2001 on an open market value basis. On a historical cost basis, land and buildings would have been included as follows:

	Group and Company 2002 £'000	Group and Company 2001 £'000
Original cost	12,257	12,244
Depreciation based on cost	(458)	(326)
	11,799	11,918

The net book value of land and buildings comprises:

	Group and Company 2002 £'000	Group and Company 2001 £'000
Freehold	13,668	13,836
Long leasehold	200	200
	13,868	14,036

Included in the total net book value of motor vehicles is £nil (2001: £4,000) in respect of assets held under finance leases. Depreciation for the year on these assets was £4,000 (2001: £10,000).

13 Intangible fixed assets

	Group
Cost	**£'000**
At 1 June 2001	4,276
Additions	282
Disposals	(3,031)
At 31 May 2002	**1,527**
Amortisation	
At 1 June 2001	3,647
Charge for the year	303
Disposals	(2,801)
At 31 May 2002	**1,149**
Net Book Value	
At 31 May 2002	**378**
At 31 May 2001	629

Intangible fixed assets represent the cost of players' registrations.

14 Fixed asset investments

Investments held as fixed assets by the Company represent investments in subsidiary undertakings.

At Cost	**£'000**
At 1 June 2001	8,213
Disposals	-
At 31 May 2002	8,213

At 31 May 2002 the Company owned the following subsidiary undertaking:

	Nature of Business	Class of Share	Holding
The Queens Park Rangers Football & Athletic Club Limited	Provision of Football teams	Ordinary	100%

The above company is incorporated in the UK.

15 Stocks

	Group 2002 £'000	Group 2001 £'000	**Company 2002 £'000**	Company 2001 £'000
Goods for resale	**52**	38	**52**	38

16 Debtors

	Group 2002 £'000	Group 2001 £'000	**Company 2002 £'000**	Company 2001 £'000
Trade debtors	**415**	249	**415**	249
Transfer debtors	**244**	-	**-**	-
Other debtors	**98**	40	**98**	40
Prepayments and accrued income	**522**	652	**522**	652
	1,279	941	**1,035**	941

17 Current asset investments

Own shares – Group and Company

During the year, Chris Wright transferred for a nominal sum the majority of his shareholding in Loftus Road plc, amounting to 16,066,019 Ordinary Shares of 1p each (approximately 26.8% of the issued ordinary share capital of Loftus Road plc), to a specially incorporated nominee company, QPR Nominees Limited. QPR Nominees Limited holds these shares on trust for the sole benefit of Loftus Road plc.

18 Creditors: amounts falling due within one year

	Group 2002	Group 2001	**Company 2002**	Company 2001
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts	**-**	42	**-**	42
Shareholder's loan	**-**	5,454	**-**	5,454
Other loans	**449**	450	**449**	450
Obligations under finance leases and hire purchase contracts	**5**	-	**5**	-
Payments received on account	**187**	3	**187**	3
Trade creditors	**1,074**	1,271	**1,074**	1,271
Transfer creditors	**94**	30	**-**	-
Amounts owed to group undertakings	**-**	-	**11,259**	11,190
Taxation and social security	**1,104**	1,533	**440**	614
Other creditors	**296**	224	**296**	224
Accruals and deferred income	**1,632**	870	**1,416**	870
	4,841	9,877	**15,126**	20,118

The other loans are unsecured and interest free.

19 Creditors: amounts falling due after more than one year

	Group 2002 £'000	Group 2001 £'000	**Company 2002 £'000**	Company 2001 £'000
Bank loans and overdrafts	**-**	586	**-**	586
Other Loans	**10,000**	450	**10,000**	450
	10,000	1,036	**10,000**	1,036

The other loans due after more than one year are secured by way of a fixed charge over the Loftus Road Stadium and are to be repaid after ten years at a fixed interest rate for the first five years.

Bank loans and overdrafts are repayable as follows:

	Group 2002 £'000	Group 2001 £'000	**Company 2002 £'000**	Company 2001 £'000
Within one year	-	42	-	42
Between one and two years	-	61	-	61
Between two and five years	-	224	-	224
After more than five years	-	301	-	301
	-	628	-	628

20 Called up share capital

	2002 £'000	2001 £'000
Authorised		
Equity: 74,999,999 Ordinary shares of 1p each	**750**	750
Non equity: one Preference share of 1p	-	-
	750	750
Allotted, called up and fully paid		
Equity: 59,954,998 Ordinary shares of 1p each	**600**	600
Non equity: one Preference share of 1p	-	-
	600	600

21 Reserves

	Share premium account £'000	**Group Revaluation reserve £'000**	**Profit and loss account £'000**
At 1 June 2001	5,258	3,220	(2,930)
Retained loss for the year	-	-	(413)
At 31 May 2002	5,258	3,220	(3,343)

	Share premium account £'000	**Company Revaluation reserve £'000**	**Profit and loss account £'000**
At 1 June 2001	5,258	3,220	(5,587)
Retained loss for the year	-	-	(450)
At 31 May 2002	5,258	3,220	(6,037)

There is a non-distributable element of the profit and loss account of £19,585,000, which only becomes distributable in the event that all creditors outstanding at 14 May 1999 are paid in full.

Non-equity interests in shareholders' funds are analysed by class of share as follows:

	2002	2001
	£'000	£'000
One Preference share of 1p each	**-**	-
Non-equity interests	**-**	-

The Preference share is held by the Trustees of Wasps Football Club. With effect from 7 June 2001, all rights attaching to the Preference share as laid down in the Company's Articles of Association have been surrendered.

22 Contingent liabilities

The terms of certain contracts for the purchase of players' registrations include contingent transfer fees payable. These contingent transfer fees are payable on the occurrence of certain future events such as the player concerned making a specified number of first team appearances or the attainment of various levels of international caps. There are similar contingent transfer fees receivable in respect of certain contracts for the sale of registrations of players previously employed. In practice not all of these contingent transfer fees will crystallise. At 31 May 2002 there is a maximum potential liability under contingent transfer fees payable of £79,000 in respect of first team appearances (2001 - £132,000).

In addition to the above, further transfer payments may be payable in the event that Queens Park Rangers attain promotion to the Premier League. At 31 May 2002 there is a potential liability of £158,000 in this respect (2001 - £158,000).

23 Commitments

(a) Capital commitments authorised and contracted for the Company and the Group at 31 May 2002 amounted to £87,000 (2001 - £87,000).

(b) Annual commitments under non-cancellable operating leases at 31 May 2002 are as follows:

	2002		2001	
	Land and buildings	**Other**	Land and buildings	Other
	£'000	**£'000**	£'000	£'000
Operating leases which expire:				
Within one year	**35**	**42**	35	5
In the second to fifth years inclusive	**-**	**5**	-	48
	35	**47**	35	53

24 Reconciliation of operating loss to net cash outflow from operating activities

	2002	2001
	£'000	£'000
Operating loss	**(3,564)**	(7,864)
Amortisation charge	**303**	1,256
Depreciation charge net of release of capital grants	**525**	561
Decrease/(increase) in stocks	**(14)**	71
(Increase)/decrease in debtors	**(94)**	(13)
(Decrease)/increase in creditors	**315**	1,538
Net cash outflow from operating activities	**(2,529)**	(4,451)

25 Reconciliation of net cash flow to movement in net debt

	2002 £'000	2001 £'000
Decrease/(increase) in borrowing in the year	**3,867**	2,219
Cash (inflow)/outflow from increase/decrease in debt financing	**(4,306)**	(7,941)
Debt element from sale of tangible fixed assets	**(950)**	-
Adjustment for administration and other exceptional costs	**(1,114)**	-
Cash outflow from decrease in finance leases	**-**	15
Change in net debt resulting from cash flows	**(2,503)**	(5,707)
Non-cash reduction in capital element of shareholder's loan	**2,904**	5,000
Movement in net debt in the period	**401**	(707)
Opening net debt	**(6,828)**	(6,121)
Closing net debt	**(6,427)**	(6,828)

26 Analysis of net debt

	At 1 June 2001 £'000	Cash flow £'000	Other non cash changes £'000	At 31 May 2002 £'000
Cash at bank and in hand	154	3,868	-	4,022
Bank loans and overdrafts	(42)	42	-	-
Debt due after one year	(1,036)	(8,964)	-	(10,000)
Debt due within one year	(5,904)	2,551	2,904	(449)
Finance leases	-	-	-	-
Total	(6,828)	(2,503)	2,904	(6,427)

27 Financial Instruments

An explanation of the Groups objectives policies and strategies for holding and issuing financial instruments is set out in the financial review on page 9 under the heading 'Financial Instruments'.

The Group has taken advantage of the exemptions contained in FRS 13 and has not made numerical disclosures relating to short term debtors and creditors. The Group has no financial assets other than short term debtors. All financial liabilities are denominated in sterling.

Liquidity and interest rate risk profile

The maturity of all financial liabilities is shown in the following tables, together with their associated interest rate risk;

2002

Financial liabilities maturing;	Floating rate £'000	Fixed rate £'000	Nil rate £'000	Total £'000
In one year or less on demand	-	-	449	449
In more than one year but not more than two years		-	-	-
In more than two years but not more than five years	-	-	-	-
In more than five years	-	10,000	-	10,000
	-	10,000	449	10,449

2001

Financial liabilities maturing;	Floating rate £'000	Fixed rate £'000	Nil rate £'000	Total £'000
In one year or less on demand	5,454	-	-	5,454
In more than one year but not more than two years	-	-	900	900
In more than two years but not more than five years	-	-	-	-
In more than five years	628	-	-	628
	6,082	-	900	6,982

The fixed rate financial liabilities comprise other loans to be repaid after ten years at a monthly fixed interest rate of 10% for the first five years.

The nil rate financial liabilities comprise another loan which matured on 1 June 2002.

The Group has no undrawn committed borrowing facilities (2001 - nil). There is no material difference between the book values and fair values for financial liabilities.

28 Related party transactions

During the financial year, the movements in the loan balance with Chris Wright are as follows:

	£'000
Balance at 1 June 2001	5,454
Cash received from sale of Twyford	950
Loans repaid during the year	(3,500)
Loans written off during the year	(2,904)
Balance at 31 May 2002	-

The loans are interest bearing and interest of £427,000 was payable for the year.

In order for Loftus Road plc and The Queens Park Rangers Football and Athletics Club Limited to be released from their respective administration orders on 27 May 2002, Chris Wright agreed to receive £3,500,000 in full and final settlement of his entire creditor position. Chris Wright waived all his rights to the other monies owed to him (a total of £3,315,785 including interest) and released all four of his remaining fixed and floating charges over Loftus Road plc. He also procured the removal of the remaining bank charges over Loftus Road plc and the Loftus Road stadium.

Simultaneously, Chris Wright transferred for a nominal sum the majority of his shareholding in Loftus Road plc, amounting to 16,066,019 Ordinary Shares of 1p each (approximately 26.8% of the issued ordinary share capital of Loftus Road plc), to a specially incorporated nominee company, QPR Nominees Limited. QPR Nominees Limited holds these shares on trust for the sole benefit of Loftus Road plc (see note 17).

Charles Levison is a consultant with the Company's principal legal advisers, Harbottle & Lewis, who received fees in respect of general legal advice and advice on property matters during the year in the amounts of £290,386 plus VAT and £166,281 plus VAT respectively. The balance due to Harbottle & Lewis at 31 May 2002 amounted to £51,429.

At the balance sheet date the Company was owed £110,979 by Anaid Holdings Limited. Since the year end the Company has been unable to make satisfactory arrangements for the repayment of this sum and further sums which have become due. Mr H Winton is a director and has an interest in the share capital of Anaid Holdings Limited, and became a director of the Company on 5 June 2002.

29 Post balance sheets events

Since the year-end, the agreement with Fulham Football Club (1987) Limited to groundshare at Loftus Road has commenced. This agreement covers both the 2002/03 and 2003/04 seasons, with Fulham having an option to terminate the agreement on one month's notice on the conclusion of the 2002/03 season.

Contracts were exchanged in December 2002 for the sale of the freehold and leasehold land at Sudbury for a total consideration of £255,000. Also in December 2002, 2,461,846 Ordinary shares of 1p each were newly issued in Loftus Road plc to provide additional working capital.

30 Pensions

Several current or former employees of the Group are members of The Football League Pension & Life Assurance Scheme ("the Scheme"), a defined benefit scheme. The assets of the Scheme are held separately from those of the Group. The trustees of the Scheme announced their decision to wind up the Scheme as of 31 August 1999 as a result of a deterioration in its funding. Where such a scheme is wound up with a deficit, Section 75 of the Pensions Act 1995 requires participating employers to fund that deficit.

As a consequence, the Group is required to make further contributions (in proportion to past contributions made) towards eliminating this deficit. Of the total deficit of £171,000 (including interest of £29,000), £37,000 has been repaid in the current year.

Contributions are also paid into individuals' private pension schemes. This pension cost during the period amounted to £50,000 (2001 - £81,000).

Independent auditors' report to the shareholders of Loftus Road plc

We have audited the financial statements of Loftus Road plc on pages 15 to 34 for the year ended 31 May 2002. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and Auditors

As described in the statement of directors' responsibilities on page 11 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read the other information accompanying the financial statements and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Fundamental Uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the requirement for additional working capital to be made available. The financial statements have been prepared on a going concern basis, the validity of which depends upon this additional funding being raised. The financial statements do not include any adjustments that would result from a failure to obtain such funding. Details of the circumstances relating to this fundamental uncertainty are described in note 1 . Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's and the group's affairs as at 31 May 2002 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Rothman Pantall & Co 28 March 2003

Chartered Accountants & Registered Auditors

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